

HART SCHAFFNER & MARX



Twentieth Annual Report
November 29, 1930

HART SCHAFFNER & MARX
CHICAGO NEW YORK

New York, January 26, 1931

To the Stockholders

of Hart Schaffner & Marx

On behalf of your board of Directors I submit the financial Statement of the Company for the fiscal year ending November 29, 1930, together with the certificate of Price, Waterhouse & Company

The financial position of the Company is excellent. There is no indebtedness for borrowed money. Liabilities consist only of accrued wages, taxes, goods in transit and current bills. Cash on hand is more than four times all the liabilities. The ratio of current assets to liabilities is 26 to 1

Inventories of materials and finished and partly finished merchandise on hand or in transit have been valued as heretofore on the basis of cost or market, whichever is lower. The inventories are at the lowest point in fifteen years

The losses from bad debts for the year 1930 were not unusual, and the reserves carried against receivables are considered ample for the credit risks existing under present conditions

It has always been a policy of the Company to assist retailers with credit or capital, and this has contributed to the success of our business. In the last few years we have taken steps to aid and stabilize our distribution by acquiring control of a limited number of retail stores. These stores, operated as independent units, sustained a loss during the past year. It has been the practice of the Company over a long period of years to set aside substantial reserves to provide against the risks and contingencies inherent in a manufacturing and merchandise business. The amounts of these reserves were from time to time deducted from the current profits. In continuation of that policy, and because of current business conditions of the past year, \$1,000,000 has been transferred to reserves from the year's profits

It is too early to make predictions for 1931. Retail merchants have bought sparingly in advance but re-orders, doubtless, will show improvement. We are all looking for that revival of business which invariably has followed every business depression of the past

Respectfully submitted

ALEXANDER M. LEVY, President

BALANCE SHEET —

Assets

Current Assets

Cash and U. S. Government Securities	\$2,618,472.33	
Notes and Accounts Receivable (less reserves), including amounts due from affiliated companies covered by net quick assets	9,432,131.83	
Inventories of materials and finished and partly finished merchandise on hand and in transit, at cost or market, whichever is lower	2,181,984.16	
Sundry accounts	266,333.07	
Prepaid insurance, taxes, etc.	<u>70,666.34</u>	\$14,569,587.73

Investments in, and advances to affiliated companies, less reserve

\$3,369,508.63

Amounts due from employees for purchase of Company's stock, including stock held for sale to employees, etc.

453,439.29

Shop Equipment and Fixtures, including Office Furniture,

\$1,116,408.77

Less—Depreciation Reserve

778,802.90

337,605.87

Good Will, Trade Names and Trade Marks

\$15,000,000.00

Less—Amount written off in 1920

5,000,000.00

10,000,000.00

\$28,730,141.52

NOVEMBER 29, 1930

Liabilities

Current Liabilities

Trade accounts payable	\$152,369.82	
Liability for goods in transit	61,567.18	
Accrued pay rolls etc.	150,126.64	
Accrued taxes payable in 1931	<u>194,108.64</u>	\$558,172.28

Capital Stock

Common—Authorized and issued 150,000 shares of \$100.00 each		\$15,000,000.00
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Reserve for contingencies

Balance November 30, 1929	\$1,750,000.00	
Less—Charges in respect of prior years	250,000.00	1,500,000.00

Surplus per accompanying statement

<u>11,671,969.24</u>
<u><u>\$28,730,141.52</u></u>

SURPLUS AND INCOME ACCOUNT

FOR THE FISCAL YEAR ENDING NOVEMBER 29, 1930

Net Profits of parent company for the year,

After deducting manufacturing, marketing
and administrative expenses, and pro-
visions for depreciation of equipment
and doubtful accounts

\$1,504,141.94

Deduct—

Reserve against investments

1,000,000.00

\$ 504,141.94

Add—

Surplus at Nov. 30, 1929

12,367,827.30

\$12,871,969.24

Deduct—

Dividends paid

\$1,200,000.00

Unappropriated Surplus

At November 29, 1930

\$11,671,969.24

Certificate of Accountants

To the Stockholders of
Hart Schaffner & Marx

We have examined the books and accounts of Hart Schaffner & Marx for the fiscal year ending November 29, 1930, and find that the foregoing Balance Sheet and Surplus and Income Account are correctly prepared therefrom

The merchandise and materials on hand and in transit, as shown by inventories certified by the responsible officials, are stated in the balance sheet at cost or market, whichever is lower. Liberal provisions have been made for bad and doubtful accounts receivable, discounts and for all ascertained liabilities. The securities owned and cash and bank balances have been verified by actual count or by certificates from depositaries

The balance sheet includes the assets and liabilities of the parent company, the investments in and advances to affiliated companies being stated as such at the amount of the net assets of those companies less reserve. The amount of the organization and establishment costs and operating losses of these companies has been deducted from reserves provided out of the income of this and prior years

WE CERTIFY that, in our opinion, the Balance Sheet and relative Surplus and Income Account fairly set forth the financial position of the Company on November 29, 1930

PRICE, WATERHOUSE & CO.

Chicago, January 16, 1931

